GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4625
ANSWERED ON:23.12.2005
THIRD PARTY MOTOR INSURANCE
Rao Shri Kavuru Samba Siva

Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Government has been drawn to the huge financial losses being faced by the public sector insurance companies due; to non-picking up of loss-making tliird party motor insurance business by private parties;

(b) if so, the details thereof,

(c) whether the Government proposes to increase the premium of motor vehicles insurance for third party risk;

(d) if so, the details thereof; and

(e) the steps taken/ proposed to be taken to ensure compliance of the directives issued by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) & (b) : Yes, Sir. The Government has requested the Insurance Regulatory and Development Authority (IRDA) to look into various options to alleviate losses to the public sector insurance general companies due to under-writing of Third party Motor insurance Business by them,

(c) & (d) : IRDA has drawn up a draft road map for de-tariffing insurance business including motor vehicle insurance w.e.f. 01.01.2007, which may affect the premium rates of the motor vehicle insurance.

(e) : No directive has been issued by the Government in this regard.